



**Responses to Inquiries
RFP 14-05
ACWI ex-US Equity Management Services**

1. Is portfolio concentration a firm requirement or might INPRS consider strategies with less concentration of names?

Answer: There is some flexibility. However, if the portfolio is less concentrated than criteria listed in the RFP, please clearly state that in the RFP response and explain why it is less concentrated and why it is beneficial to the portfolio.

2. Is the ten-year track record a firm minimum requirement or might INPRS waive this requirement should the manager have compelling risk/return statistics?

Answer: The track record is a requirement.

3. Would INPRS consider a strategy with lower assets under management than stated in the RFP?

Answer: No.

4. Our team has worked here since 2008 but has a prior firm, non GIPS compliant track record using the same investment process that dates back to 2002. Given the ten-year performance track record, would you advise us to complete an RFP?

Answer: The track record at a single firm is a requirement.

5. Would you consider regional or country (ex US) specific managers for a portion of the investment such as Global Trading Fund with a primary focus on Europe or on the Long Only side where we focus on Frontier Markets such as Africa and MENA.

Answer: No.

6. We have a strategy that meets 11 of the 12 criteria outlined in “Scope of Services” but the strategy’s average number of holdings is greater than 100. Should we still complete the RFP?

Answer: Reference question #1.

7. The lead Portfolio Manager on our strategy has been with the firm since 2005 and took over Portfolio Management responsibilities in 2008. We would like to know if there is flexibility in the ten-year requirement?

Answer: No.

8. Does INPRS have an Emerging Markets target exposure as part of an ACWI ex-US Mandate and will INPRS consider managers benchmarked to the MSCI EAFE Index rather than the MSCI ACWI ex-US Net Index?

Answer: Yes, emerging market exposure is part of the ACWI ex-US Mandate. No, INPRS will not benchmark a manager to MSCI EAFE Index for this RFP.

9. Our firm currently manages in excess of \$4.7 billion in International Large Cap assets. Depending upon specific account requirements, these assets are benchmarked to the MSCI ACWI, MSCI ACWI Value and MSCI EAFE indices. While we refer to these assets as three distinct strategies based on their respective benchmarks, they are all managed by one team using a consistent philosophy and investment approach. Will our firm meet the stated minimum asset requirement for this RFP based?

Answer: No.

10. We would like to clarify that a response of "not applicable" in response to criteria 4, 5, 6, and 7 will not result in automatic disqualification of our response to the RFP. The strategy our firm would like to propose has been in existence since the mid 1980's and obtains equity market exposure via index futures and swaps (thus, the criteria regarding stock turnover, active share, and concentration are not applicable to our strategy).

Answer: For this search, INPRS will not consider a strategy that uses index futures and swaps.

11. Will we be precluded from consideration if the lead portfolio manager has been on the team for 8 years and has been a portfolio manager for the last 7?

Answer: The PM tenure is a requirement.

12. The AUM of the team with regard to international and global mandates exceeds \$10 billion, while the AUM for the international strategies is below \$3.5 billion. Will that preclude us from consideration?

Answer: The minimum AUM of the ACWI ex-US strategy is a requirement.

13. Our firm has a Global Long-Only Equity strategy which has an over 10-year track record. However, the track record for our ex-US Equity strategy, which is run by the same team and according to the same process as the Global Equity strategy, is 6 years rather than over 10 years. We wanted to confirm that this is acceptable for the above mandate.

Answer: The track record for ACWI ex-US strategy is a requirement.

14. We have managed international equity strategies on behalf of our clients since 1994 with over \$6.8B in AUM (International Equity, International ACWI ex-US and International Large Cap). Our flagship strategy, International Equity (with over \$3B in AUM), is benchmarked against the MSCI EAFE Index. In 2011, we began managing accounts benchmarked against the MSCI ACWI ex-US Index at the request of certain clients; and today, we manage over \$500M in the ACWI ex-US strategy.

Would you be willing to consider our International Equity capabilities in order to qualify for IN PERS' minimum requirements pertaining to the ten year track record (requirement #2) and dedicated AUM (requirement #9)?

Answer: No.

15. Our EAFE Equity strategy has performance available from January 2004, however, performance from January 2004 to September 2006 is a carve out from our Global Equity strategy. Would this meet the minimum requirements for a ten year track record?

Answer: No.

16. As of December 31, 2013, our Firm managed approximately \$9 billion USD in International Equity, Global Equity and Emerging Markets strategies combined. Would INPRS take into account our Firm's investment experience in managing Global Equities and consider awarding a split mandate to our International Equity strategy with current AUM of approximately \$3 billion?

Answer: No.

17. Regarding Section 3 – Scope of Services: "Item 4. Have a low turnover ratio in the Strategy, preferably less than 50% annually on average in the last three years." Is this requirement flexible? Our strategy's three-year turnover is slightly higher, around 60%. Would that be acceptable?

Answer: There is some flexibility. However, if the turnover ratio is higher than 50%, please clearly state that in the RFP response and explain why the turnover ratio is high and why it is beneficial to the portfolio.

18. Regarding Section 3 – Scope of Services: "Item 6. Have a concentrated portfolio in the Strategy, preferably the average number of holdings in the last 3 years is less than 100 stocks and the top 10 holdings are greater than 20% of the portfolio." Is this requirement flexible? Our strategy currently holds approximately 250 securities and the top-10 active weights comprise approximately 25% of the portfolio. Furthermore, the three-year average of top-10 holdings active weight is also approximately 25%.

Answer: Reference question #1.

19. Concerning Section 9.1.10.d of the INPRS Investment Policy Statement: Securities identified as prohibited securities under the Indiana Sudan and Terror legislation. (IC 5-10.2-9 Chapter 9. Sudan Divestment; IC 5-10.2-10 Chapter 10. Divestment from States the Sponsor Terror). Would INPRS provide a list of prohibited securities? If not, would we be permitted to use a list provided by a third-party?

Answer: Yes, INPRS will provide a list.

20. Concerning RFP Appendix B: Form B.1. Indiana Economic Impact Statement, and form B.2. Taxpayer Identification Number Request. These two forms are in a format that does not permit editing? Are the forms available on your website or another location that can be electronically edited? If not, do you accept forms that are completed by hand?

Answer:
Indiana Economic Impact State Form 51778 –



IEI State Form
51778.xls

Taxpayer Identification Number Request --
<http://www.in.gov/dwd/files/w9form.pdf>

21. Can you confirm that as per Appendix C, VIII. Miscellaneous, that 5 references from current clients are required along with 3 clients that have terminated their mandates during the past 2 years, applies to existing managers.

Answer: It applies to anyone who responds to this RFP.

22. What is the plan's vehicle preference given the potential size of the mandate?

Answer: It is a separate account structure per RFP Section 3 Scope of Service.

23. With regards to Section 3 – Scope of Services Point 5: We consider our product to have high active share and depending on the source, our active share is 77-82%. Is preference for greater than 85% a requirement or may we submit?

Answer: There is some flexibility. However, if the active share is lower than 85%, please clearly state that in the RFP response and explain why the active share is low and why it is beneficial to the portfolio.